

**Press Information Bureau
Government of India
Ministry of Home Affairs**

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Suspension of LoC Trade between J&K and PoJK

MHA has issued orders to suspend the LoC trade in Jammu & Kashmir w.e.f 19-04-2019. This action has been taken as the Government of India has been receiving reports that the Cross LoC trade routes are being misused by the Pakistan based elements for funnelling illegal weapons, narcotics and fake currency etc.

It may be recalled that the LoC trade is meant to facilitate exchange of goods of common use between local populations across the LoC in Jammu & Kashmir. The trade is allowed through two Trade Facilitation Centres located at Salamabad, Uri, District Baramulla and Chakkan-da-Bagh, District Poonch. The trade takes place four days a week. The Trade is based on Barter system and zero duty basis.

However, reports have been received that the LoC trade is being misused on very large scale. It has been revealed that the trade has changed its character to mostly third party trade and products from other regions, including foreign countries, are finding their way through this route. Unscrupulous and anti national elements are using the route as a conduit for Hawala money, drugs and weapons, under the garb of this trade.

During the ongoing investigations of certain cases by NIA, it has been brought out that a significant number of trading concerns engaged in LoC trade are being operated by persons closely associated with banned terrorist organizations involved in fuelling terrorism/separatism. Investigations have further revealed that some individuals, who have crossed over to Pakistan, and joined militant organizations have opened trading firms in Pakistan. These trading firms are under the control of militant organizations and are engaged in LoC trade.

After the Pulwama incident, Government of India has withdrawn the MFN status to Pakistan. Inputs have also been received that in order to evade the consequent higher duty, LoC trade is likely to be misused to a much larger extent.

It has, therefore, been decided by the Government of India to suspend the LoC trade at Salamabad and Chakkan-da-Bagh in Jammu and Kashmir with immediate effect. Meanwhile, a stricter regulatory & enforcement mechanism is being worked out and will be put in place in consultation with various agencies. The issue of reopening of LoC trade will be revisited thereafter.

BB/NK/PK/SS